

# VIRTUE ETHICS – NEW COORDINATES FOR ECONOMIC DEVELOPMENT

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*Operating with business ethic we meet, some ethical systems, some of them developed in Antiquity, that still have a great influence upon economics development. One of these is the ethics of virtue.*

*The aim of this paper work is to focus upon the one ethical system – virtue ethics and to illustrate his influence in economical field, offering a new coordination in this direction. We understand the importance of the human character for a successful leadership and management. Recent ethical dilemmas illustrate us how a vicious character has an influence not only to the possessor of that type of character but also to the entire community where he develop his activities. For a comprehensive understanding I expose a briefly review on virtue ethics as it was developed by Plato and Aristotle, ant its new coordination and influence upon our contemporaneous economy, illustrated by some examples.*

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*JEL classification: B10, M29, O10*

## **Intoduction**

Business ethics, like most areas of ethics, often trends to focus on principles of action, on the action itself, the intention behind one's action and its consequences. When someone's attention is guide in analyzing the character of economic actor, the principles of his action or to give an answer to the question: *How should I live, what kind of person should I be*, then he is focus upon the ethics of virtue.

Compared to the other ethical system, the ethics of virtue converge to the importance of a person (in our research the economic actor), as a unit and do not analyze some specific action or some ethical dilemmas, which he encounter. Neither is account the consequences of his actions.

For a better understanding of the influence of this ethical system upon the economic development and change management, our intension converges to a historical review presentation. Starting with its roots, we go back to the ancient Greek. Virtue ethics' founding fathers are Plato and, more particularly Aristotle and it persisted as the dominant approach in Western moral philosophy until at least the Enlightenment. It suffered a momentary eclipse during the nineteenth century but re-emerged in the late 1950's in Anglo-American philosophy. It was heralded by Anscombe's famous article "Modern Moral Philosophy" (Anscombe 1958) which crystallised an increasing dissatisfaction with the forms of deontology and utilitarianism then prevailing.<sup>164</sup>

## **A briefly review on Virtue ethics developed by Plato and Aristotle**

**Plato's** philosophy does not investigate if someone's actions are good or bad, but if a person is good or bad. His rational analyze of human being starts it's the following questions: Who am I? How should I live? The answer to these questions is formulated in the work *The Republic*, where

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<sup>164</sup> Elizabeth Anscombe, *Modern moral Philosophy, Philosophy* 33, No. 124, January 1958, disponibil on-line: <http://www.philosophy.uncc.edu/mleldrid/cmt/mmp.html>;

the human soul is compared to a state, on consideration that the state is a large performing of the human soul. When the functional elements of a state can be seen, the specific one of the soul cannot be seen, so it is offered a better understanding.

Plato's state is represented by the workers — the laborers, carpenters, plumbers, masons, merchants, farmers, ranchers- Warriors or Guardians — those who are adventurous, strong and brave; in the armed forces – and the rulers or Philosopher Kings — those who are intelligent, rational, self-controlled, in love with wisdom, well suited to make decisions for the community. The *workers* dedicate their energy to earn their living, which conducts to a prosperity for the whole city. Their needs are better fulfilled if they are specialized in their work. Hence this material branch is accomplished by the workers; the other state will manifest their aggressiveness so it introduces the necessity of the **warriors**. They offer protection and also the internal order, being courage men, accustomed to the art of war. But the state can not be composed only by the workers and warriors, they offer a material basis and protection but the durability and the prosperity is offered by the **rulers** and the philosopher king. It is not possible an amalgam of function, the state leader can not be offered to a worker or a warrior, because he is good in what he is doing as a farmer or as a guardian.

Each of these categories has a proper virtue:

- the workers – prudence and temperance;
- the warriors – courage;
- the rulers - wisdom and justice.

As **Keith Douglass Warner (2009)** analyzed these virtues in our contemporary economic world, we can offer a specific interpretation<sup>165</sup>:

- **Prudence** is the intellectual habit that wisely assesses the means necessary to accomplish the end at which you are aiming. Another more common word for this might be **wisdom**. Prudence and environmental ethics invites us to consider these means, to have the capacity to make wise judgments in complex trade offs. This is a critical habit to develop for those seeking a more sustainable world. Sustainability means meeting the needs of the present generation without compromising the ability of future generations to meet their needs. It always requires a balance between competing needs, and thus making wise choices. Another word for prudence is far-sightedness. This would suggest that we take precautionary action now, and assume the responsibility for environmental protection over time, rather than push problems off on future generations. The responsibility principle is a contemporary expression of prudence.
- **Temperance** can best be understood as restraint or self control. This virtue exists in tension with our American culture's appetite and materialistic values. The United States has the world's highest per person level of consumption, and people around the globe have destroyed forests, fisheries, and ecosystems to support our way of life. Many industrial processes to create consumer goods generate or dump large quantities of toxic chemicals, and these have a much greater chance of harming disadvantaged communities than wealthy ones. As old fashioned as "temperance" sounds, this virtue is a highly relevant ethic that can be used to moderate consumption. One relatively simple way to express solidarity with those suffering environmental injustice can be to reduce one's consumption, especially of materials that require the use of toxic chemicals for their production. Temperance is an antidote to greed. Voluntary simplicity is an expression of the virtue of temperance.

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<sup>165</sup> Keith Douglass Warner, David DeCosse, ***A Short Course in Environmental Ethics***, disponibil on-line: [http://www.scu.edu/ethics/practicing/focusareas/environmental\\_ethics/lesson6.html](http://www.scu.edu/ethics/practicing/focusareas/environmental_ethics/lesson6.html)

- **Fortitude**, or bravery, is more commonly described as courage. The vocation of working for any positive environmental change challenges us to cultivate an attitude of hope. The information scientists report about the state of the world can be truly frightening, and has caused many people to shut this news out. Humans can readily become paralyzed by fear. We can feel that we are powerless to make a positive change. Virtue ethics challenge us to move beyond our negative feelings and focus on what kind of person we want to be, what kind of character will help us live out our commitments. This kind of hope, rooted in our habit of mind and heart, is precisely what we need to bring to situations where environmental injustices are being perpetrated. Courage can give us the perseverance to struggle for justice in the face of discouragement.

The most famous virtue ethics, is the great Greek philosopher **Aristotle** (384 – 322 B.C). In his *Nicomachean Ethics*, Aristotle laid out a system of virtue ethics which still remains over the centuries the starting point for this type of ethical system. Virtue, therefore, manifests itself in action. More explicitly, an action counts as virtuous, according to Aristotle, when one holds oneself in a stable equilibrium of the soul, in order to choose the action knowingly and for its own sake. This stable equilibrium of the soul is what constitutes character.

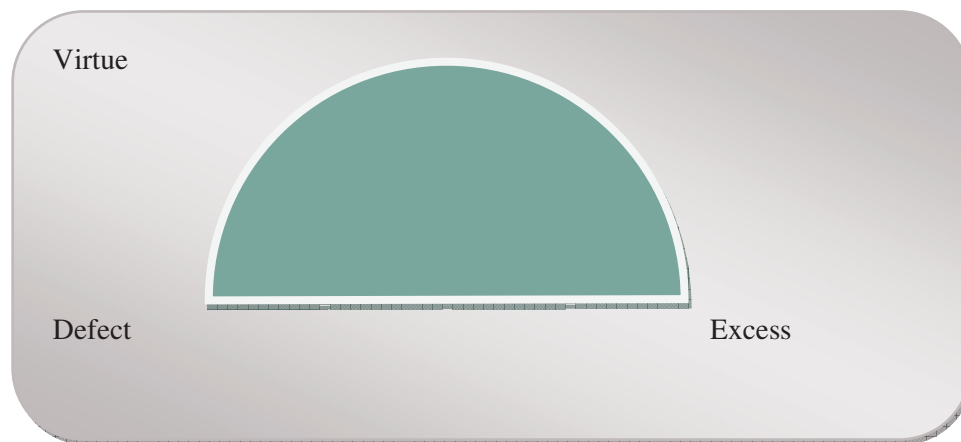
Aristotle repeatedly states that virtue (from the Greek word *arete* which can also be translated as excellence) is a *mean between the extremes*. Examples are courage as a mean between cowardice and recklessness, or temperance – neither gluttony nor prudishness.

The mean is a state of clarification and apprehension in the midst of pleasures and pains that allows one to judge what seems most truly pleasant or painful. This active state of the soul is the condition in which all the powers of the soul are at work in concert. Achieving good character is a process of clearing away the obstacles that stand in the way of the full efficacy of the soul.

For Aristotle, moral virtue is the only practical road to effective action. What the person of good character loves with right desire and thinks of as an end with right reason must first be perceived as beautiful. Hence, the virtuous person sees truly and judges rightly, since beautiful things appear as they truly are only to a person of good character. It is only in the middle ground between habits of acting and principles of action that the soul can allow right desire and right reason to make their appearance, as the direct and natural response of a free human being to the sight of the beautiful.

The mean between two extremes does not represent a half of measure, as *Nicolai Hartmann* (1929), in his work *Etik*, emphasizes the a virtue is not only a mean but also a top point. This affirmation is illustrated in the figure below.

Figure nr. 1 **Virtue as a mean and a top point**



Manuel Velasquez (2009) defines "Virtues" are attitudes, dispositions, or character traits that enable us to be and to act in ways that develop this potential. They enable us to pursue the ideals we have adopted. Honesty, courage, compassion, generosity, fidelity, integrity, fairness, self-control, and prudence are all examples of virtues.<sup>166</sup>

We can ask ourselves: *How does a person develop virtues?* Virtues are developed through learning and through practice. As the ancient philosopher Aristotle suggested, a person can improve his or her character by practicing self-discipline, while a good character can be corrupted by repeated self-indulgence. Just as the ability to run a marathon develops through much training and practice, so too does our capacity to be fair, to be courageous, or to be compassionate. Virtues are habits. That is, once they are acquired, they become characteristic of a person. For example, a person who has developed the virtue of generosity is often referred to as a generous person because he or she tends to be generous in all circumstances. Moreover, a person who has developed virtues will be naturally disposed to act in ways that are consistent with moral principles. The virtuous person is the ethical person.

As Robert Solomon (2005) and Valsquez (2009) notice, at the heart of the virtue approach to ethics is the idea of "community." A person's character traits are not developed in isolation, but within and by the communities to which he or she belongs, including family, church, school, and other private and public associations. As people grow and mature, their personalities are deeply affected by the values that their communities prize, by the personality traits that their communities encourage, and by the role models that their communities put forth for imitation through traditional stories, fiction, movies, television, and so on. The virtue approach urges us to pay attention to the contours of our communities and the habits of character they encourage and instill.

Briefly we can mention a few steps for a [thoroughgoing study](#) of the ethics of virtue,<sup>167</sup> (Scott Rae, 2009):

- *defining the virtuous person and his goal in life* – without this first stage, the virtues which are considered important, have no fundament and are only philosophical ideas;
- *wording of the necessary virtue (a check list)* - this will help the moral agent to define his goal and to how comply with different situation, on a habit of virtual character:
- *modalities of developing a virtuous character* – through instruction, discipline, education and imitation.

### Some advantages and incompleteness of virtue ethics

Compare to other ethical system, the virtue ethics takes in concern the human being as a unit and does not analyze some specific dilemma, it is focused on the on the problems regarding the essence of the moral agent.

James Rachels (2010) considers this ethical system as a *good moral motivator*. Virtue Ethics is appealing because it provides a natural and attractive account of moral motivation.

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<sup>166</sup> Claire Andre and Manuel Velasquez, *Ethics and Virtue*, on-line: <http://www.scu.edu/ethics/publications/iie/v1n3/virtue.html>.

<sup>167</sup> Scott Rae, *Alegeri morale, o introduce in etică*, Ed. Făclia, Oradea, 2009, p. 104; 309

Theories of ethics that emphasize only right, impersonal action do not create a sufficient account of moral life. We think that the person who visits you in the hospital out of duty alone, not out of compassion and friendship, is misguided and lacking in full moral character. A theory of virtues that emphasizes personal qualities like love and loyalty is closer to what we imagine as genuine moral character, and is a better, more human motivator for good living.

As we mentioned above, this ethical system confer the worthy importance to the *communitarian context* in ethics. Louis Pojman, James Fieser (2008) sustain that the virtues develop in the community, based on relationships, while the others ethical systems overvalue the individual autonomy and the human being ability in accomplish his moral duty based on his intellect.

Applying the ethics theory we are asked: *Can this theory stand alone as a complete moral view?* How can we recognize one person as being a virtuous one? We have to analyze his acts and only then we can give out that he or she is a virtuous one. But by taking in concern his action, the principal or intention behind the action, we are related to other ethical system such as a deontology one – Kant Ethics Of duty. In conclusion, this system can not stand-alone as Pojman (2008) said: “the virtues without principles are uncertain, but also the principles without virtues can not motivate the people to action.”

### **Conclusion - the impact of virtue ethics on business field**

The virtue ethics places foreground the economical agent who is analyzed by his *character* and his way of behavior. We can anticipate the benefic influence of this ethical system upon management, creating a new coordination of leadership. The feature of the virtue helps the manager to form as reliable persons. For example, *honesty* would be the most important in the making and drafting of agreement. A special concern is advertising. Telling “the whole truth and nothing but the truth” (our product is not significantly different from its competitors, but we have our own attractive label on it) would not be a recommended way of advertising. Lying, on the other hand is not acceptable, so the ethical and practical challenge is finding the “mean” between imprudent truth-telling and prevarication. What is special to virtue ethics is not however the search for a general criterion for proper honesty. It has rather to do with the motives and habits of the person, whether he or she things in terms of “putting one over on other” or rather things in terms of the fairness of the situation, what information is appropriate to the relationship and the occasion, and “what an honest person would do”.

*Generosity* is another virtue desirable to be met to a manager. We are tempted to say that this virtue is lately denied to business, on the theory that business people tend to hold onto their money, and their own purpose is to increase their profits. In fact, the moral economical agent tends to be very generous both as individuals and as a member of corporation. Indeed, the overwhelming success of business in the modern world has meant that the ancient concept of noblesse oblige (Robert Frederick, Robert Solomon, 2009) has passed onto the corporate world. Many acts of generosity are done under the collocation CSR – Corporate Social Responsibility. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure its adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, business would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

The list of features of a virtuous manager can be competed with temperance, courage, loyalty to family and stakeholders, respect and so on.



An important approach for the virtue ethics is the *distinction between short and long term*. In *Nicomachean Ethics*, Aristotle mentions that a swallow does not make the spring season, in the same way, one day or a short time does not make a man happy. This affirmation relieves us the idiom of the short time, which is associated to short time profit and on the other hand is the profit consolidated on long term.

A rush profit obtained in a short time is merely affiliated with disloyal practice. We can not generalize this situation, but business illustrates us many such examples. One of these is the Ford Pinto case.

The **Ford Pinto case** is an oft-cited example of business ethics gone wrong. Many people have been appalled by Ford's lack of concern for human life. Ford rushed its production time to produce the Pinto in order to be able to compete with foreign companies that were monopolising the American small-car market in the 1960s. Before production, however, the Ford engineers discovered that there was a major flaw with the Pinto: in nearly all rear-end crash tests the car's gas tank would burst into flames. The problem was reported, however, the sped-up production on the car meant that the machinery was already tooled when the defect was found and would add an extra \$11 per car to correct the flaw. Ford officials calculated that the benefits derived from spending an extra \$11 per car would amount to \$49.5 million, whereas the costs would be \$137 million. Ford decided it would be more profitable to produce the Pinto with the defect rather than correct the flaw. When the case was brought to trial in 1978, the court awarded an unprecedented \$137 million in damages, more than the normal amount for a negligence case.

As a positive example of consolidating profit in long terms is the **Johnson & Johnson Corporation**, a producer of the medicine *Tylenol*. In 1982 one of America's most well known and established corporations suffered a large blow that could have crippled many other organizations financially. The issue involved the Johnson and Johnson Corporation also known as J&J and their Tylenol capsule product; this affected the company, its employees and the public. The J&J Corporation was not remembered for the incident but how the incident was handled and in this case study I will discuss the communication techniques that were used to create the outcome for the J&J Corporation. Johnson and Johnson created the case study benchmark for crisis management with its handling of the Tylenol product contamination issue. Highly visible leadership and wide-open communication allowed the company to quickly rebuild customer trust in the Tylenol brand.

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